

EXHIBIT 10

REX on Business Rockstars | | REX Blog

by Eric Rothman

Jack Ryan, CEO and Co-Founder of [REX](#), sat down with Pat O' Brien for Business Rockstars to talk about forming a startup.

REX is using technology to change an industry, and improving the home-buying and selling experience and creating a socially responsible business.

[Business Rockstars](#) is an entrepreneurial business show on radio, live video streaming video, and social media that brings together some of the world's most accomplished business people.

Transcription:

Pat O'brien:

Welcome back to Business Rockstars. I'm Pat O'Brien. Thanks for joining us. Our guest, our rockstar today is Jack Ryan. Good old Irishman, right?

Jack Ryan:

That's right.

Pat O'brien:

Ryan and O'brien, could be a terrible law firm.

Jack Ryan:

Or bad Broadway team.

Pat O'brien:

Bad Broadway team. The co-founder of Rex, which is Real Estate Exchange. So Jack, how are you?

Jack Ryan:

I'm doing well. Thanks for having me.

Pat O'brien:

Nice to see you. What does Real Estate Exchange do?

Jack Ryan:

So we're the digital alternative to the residential real estate agent. We do everything an agent would do, but for 20% of the costs and we sell homes faster and with better results, but much reduced from the five or six percent fee people are used to paying here in the Los Angeles area.

Pat O'brien:

And sometimes they don't even know they pay it, to be honest with you.

Jack Ryan:

On the buy side, it's hard to know because it's kind of hidden there, but it's a pretty

big fee. And so we find buyers by going to the internet directly, find them on the web directly through ways of putting out ads. And we see who hits on the ad digitally. Where they live, what their demographics are, and we find other people just like those people who may want to see this home. So go around the MLS, go around agents, go directly to people on the web.

Pat O'Brien:

So it's basically technology marrying the real estate industry?

Jack Ryan:

Yeah. Exactly.

Pat O'Brien:

We'll get to in a minute. What was your first job?

Jack Ryan:

Working at the Orange Crush factory, turning over bottles on an assembly line as they went through to pour syrup inside the bottle.

Pat O'Brien:

Actually I had a similar job. I worked at John Maryellen company, the meat packing.

Jack Ryan:

Oh yeah.

Pat O'Brien:

And I was a Spam inspector. So every 500th can of Spam, I would have to pick it up and make sure it was compressed and everything.

Jack Ryan:

Did you have to eat it?

Pat O'Brien:

Never eaten my life.

Jack Ryan:

Oh good.

Pat O'Brien:

I ate it once in South America and they said it was a delicacy. I said, believe me, it's not, trust me on that.

Jack Ryan:

I can still remember the motion I did. I take the box, flip it like this and pull it straight up and the bottles would go down the assembly line.

Pat O'Brien:

Can you still hear the bottles?

Jack Ryan:

Yeah, I can. Yeah, yeah, yeah.

Pat O'Brien:

Well that's why they're our first jobs.

Jack Ryan:

Right, exactly. Five bucks an hour I got, by the way.

Pat O'Brien:

That's pretty good actually.

Jack Ryan:

Yeah.

Pat O'Brien:

Did you always want to be an entrepreneur?

Jack Ryan:

No, it was kind of forced upon me. I worked at Goldman Sachs for a long time and then I left to go teach high school in the south side of Chicago. And after you leave that business for a long time, it's hard to get back into it. And so I started a media business, which had done very well. And then I launched REX.

Pat O'Brien:

And what was the media business?

Jack Ryan:

It's called 22nd Century Media. So once again, we're digital and physical aggregate of information for local towns and villages. So we have about 20 newspapers and websites across the US.

Pat O'Brien:

Jack Ryan's our guest. It says here, well, I'm going to believe it because we talked about, you worked in a refugee camp in South Texas.

Jack Ryan:

Yeah.

Pat O'Brien:

Somehow those four words, five ... refugee camp in South Texas. Sounds...

Jack Ryan:

Paradoxical?

Pat O'Brien:

It sounds interesting, I'll tell you. What was that all about?

Jack Ryan:

Well, so this was in the mid 1980s when there are a lot of wars going on in Central America and a lot of refugees are walking up through Mexico from Guatemala, El Salvador and Nicaragua, and coming across the border. And we'd greet them at the border and give them a place to stay and some food. And most of them couldn't apply for political asylum because they were fleeing the communist aggression in central America. So I worked there right out of Harvard Law School and Harvard Business School.

Pat O'Brien:

What were you sort of a staging area for them?

Jack Ryan:

Yeah, we'd pretty much, it's a long walk. So we would pretty much give them a bed. They can stay there for two or three weeks, help them find a job and help them apply for asylum.

Pat O'Brien:

Yeah. And what'd you get out of that job?

Jack Ryan:

What I get out of it?

Pat O'Brien:

Yeah.

Jack Ryan:

Well this is goes-

Pat O'Brien:

Compassion, I would think.

Jack Ryan:

Yeah. But you have to have compassion to go there, I hope. And that's something I hope my parents instilled in me. I think they did. But that's part of what we do at REX because after I left Goldman to go to teach high school and the south side of Chicago, and we carry that through to REX because for every 20 homes we sell, we build a home for someone who doesn't have one. And so that social mission, when I left graduate school, left Goldman Sachs, now it's part of REX.

Pat O'Brien:

What's the culture at your office? We're going to talk more about your business in the next segment, but what's the culture there?

Jack Ryan:

When I was in business school I thought culture was the dumbest class and business school, and now I think it's the most important thing. And our culture is one of teamwork, supporting each other and then fast, fast, fast.

Jack Ryan:

In our business you have to keep iterating, learning as fast as you can. So that's the primary culture. Being supportive, putting the consumer first and going fast, fast, fast.

Pat O'Brien:

And this whole idea of you can't make money on the internet, so tired of hearing that, because the people that do the right things, if they connect the internet to something like real estate, you can make money, right?

Jack Ryan:

Yeah.

Pat O'Brien:

Or else you rented that suit.

Jack Ryan:

I think for most people, they realize that the residential real estate business is dysfunctional. They're paying out a lot of money, five or 6% for services for many aren't that great. For some people they do a really good job. Some agents do a very good job.

Jack Ryan:

But for us, we are making money and doing it for a lot less. And so for us you can make money on the web.

Pat O'brien:

How did you come up with this?

Jack Ryan:

A number of things. My background. One, is realizing the importance of markets and applying the markets to residential real estate. So when I applied to colleges out of high school, my mom told me I was really smart, but I applied to eight schools and everyone of them turned me down except for one. And that was the first time I really believed in markets, because do I believe what my mom said about me or do I believe the seven people, who in the cold light of day looked at body of work and said you're not qualified?

Jack Ryan:

And then when I went to Goldman Sachs was an application of markets to stocks. So when I started Goldman Sachs, we charged 12 cents to trade a share of stock. When I left, it was about a penny because markets started influencing the stock market as well.

Pat O'brien:

Right.

Jack Ryan:

So anyway, so it's applying markets to residential real estate.

Pat O'brien:

How many people work for you now?

Jack Ryan:

25 people.

Pat O'brien:

How do you hire them? Like processes...

Jack Ryan:

Well we look at two things. One is competency and the second is culture. Because you spend most of your waking hours with people you work with. We want to make sure that they fit well with us and we fit well with them. And the second thing is, are you good at the job you're being hired to do?

Pat O'brien:

Now are they former real estate agents?

Jack Ryan:

For the most part they're not. Although all of our people become agents, but when they start, we try to bring the skill sets from other industries to real estate, because

the things people are taught inside the industry oftentimes don't lend themselves to doing well at REX.

Pat O'Brien:

Is there a website that people can go on?

Jack Ryan:

Rexchange.com. Rex, then change.com.

Pat O'Brien:

Right, and what do they see there?

Jack Ryan:

They see a bunch of homes that are listed. In fact, we've only been up for a year. We just launched our website in November. We already have a hundred homes that we either have listed or sold in our backlog.

Pat O'Brien:

So the price range?

Jack Ryan:

Price range from 400000 to, we sold a \$42 million home in January. So all price ranges. And right now the-

Pat O'Brien:

Some guy bought a \$42 million home on the internet?

Jack Ryan:

Actually they go visit the home, so we actually send someone out to open the door. We're going to send them out to open the door to show people around. There are some things we still do with personal interaction, which we can't avoid, but most of what an agent can do can be done digitally; and better digitally.

Pat O'Brien:

Do most of the people that we hire, they have a set idea of what the real estate industry is? Does it take time to get them away from that?

Jack Ryan:

Exactly. Yeah.

Pat O'Brien:

You've got to drive a D Mercedes, or whatever they drive all the time.

Jack Ryan:

Doesn't that give you a sense of maybe someone is getting overpaid in the real estate business when they all show up in these fancy cars and fancy clothes, and making tons of money when they're just really basically selling a house.

Pat O'Brien:

They're putting up signs, is what they're doing.

Jack Ryan:

They're putting up signs, but should you pay, let's say on a \$750000 house here in the Burbank area, should you be paying \$50000 for that? So every viewer who's

watching this show right now, their net worth just went up by a \$100 to \$200000 because you probably sell or buy four homes over the course your life, we're saving you by \$30 to \$50000 per home. So everyone's net worth just went by a quarter of a million dollars.

Pat O'brien:

So when they go on your website, what do they see?

Jack Ryan:

They see homes listed and if they want to list their home, they just type in their address. We send someone out to introduce themselves to the home seller, they take beautiful pictures of the home after we prepare it for a photo session. And then we start driving tons of traffic to the home through Facebook, Google, Instagram, Snap Chat, Ways, Zillow, Trulia.

Jack Ryan:

And then we also throw out ads and we target people hit those ads and people like them, and we drive people to that website for that home. And they can schedule a home tour right on the website. You don't need to call an agent to schedule the tour. You schedule it right on the website to go see the home.

Pat O'brien:

Yeah. Where do you think you'll be 10 years from now?

Jack Ryan:

Well, we just launched in San Diego last week. We're going to the East coast next year, so I suspect we'll be in every state in the union and a nationwide company.

Pat O'brien:

And it's all buying, right? No renting.

Jack Ryan:

All buying and selling. So most people come to sell their home and then we target people who would like to buy that home. Not using the MLS, not using agents, but just using digital technology to identify them. So we can attach a physical address to an IP address. So we think that if you live in this home that you're a good buyer of this other home, we can drop an ad right into your computer to let you know about that home.

Pat O'brien:

How do you target them?

Jack Ryan:

We can target them because-

Pat O'brien:

How do you know who to target?

Jack Ryan:

Well, if they live within 10 miles of the home and they're on Google saying three bedroom, three bath home, we pop up an ad against that search or any search engine. If they're on Facebook and we think that because their demographic and the things they're interested in, they want to buy a home, we drop an ad right in the middle of their Facebook page.

Jack Ryan:

If they're on Ways, driving around that village, we can pop an ad right up on their Ways or their Google maps screen and we drive them. And then when it comes to the website, we can see what topics they have the most interest in. So if they click on the dropdown bar for the school, the ad that follows them says great home, great school.

Pat O'brien:

So you're the guy who does that?

Jack Ryan:

Yeah, I'm the guy who does that. And we can target very, very effectively. If you spend 20 seconds in the kitchen, we can say great home, great kitchen. And then if we sell one home, we have like 5000 people in three marketing group, we get a second home in Thousand Oaks for instance, we turn out remarketing group of people who care about three bedroom, three bath homes in Thousand Oaks; and we have 5000 buyers immediately for that home.

Jack Ryan:

We keep building up this remarketing pool, so every time we get a home and get more and more data and through artificial intelligence and augmented intelligence, we get better and better data about who's the buyer for this home.

Pat O'brien:

You're watching Business Rockstars, Jack Ryan's our guest. The CEO and co-founder of REX. I'll tell you what that is more about later. I'm Pat O'brien's. See you in a minute.

Pat O'brien:

Welcome back to Business Rockstars. I'm Pat O'brien. Our rock star today is Jack Ryan. Most Irishmen are rock stars, right?

Jack Ryan:

I think so.

Pat O'brien:

The CEO of REX, that's Real Estate Exchange. So you've combined technology and real estate.

Jack Ryan:

Right.

Pat O'brien:

But in a way that you can zero in on people, technology actually helps, right?

Jack Ryan:

Helps a lot because you can target who is the best buyer for this home, not just put it out on some website and hope people come to see it. You can actually target people who we think are likely buyers for the home and drop the ads, whether they're on Google or Facebook, on Ways or just by we know their physical trust. We know their IP address, we drop an ad on their computer.

Pat O'brien:

Is this more successful than putting the signs up, home this way?

Jack Ryan:

You know what's so funny about that? So of course we do that because some people want us to do it, but actually a better way to do that is not just put four signs up around the intersections around that home, but put the ad up on Ways or Google maps. So when you're driving around within a mile that home, we can pop an ad up on your maps in your car.

Pat O'brien:

So you're the guy.

Jack Ryan:

I'm the guy.

Pat O'brien:

That's a great idea.

Jack Ryan:

And then if you want to see the home, you just click on that little tiny ad and we'll give you directions to that home. And if you want more information, we can put it right on your phone.

Pat O'brien:

So the technology part of this was really genius, right, on your part.

Jack Ryan:

Incredibly genius on my part.

Pat O'brien:

No, but I mean the amount of time and ways you can reach people is-

Jack Ryan:

Unbelievable. We're about to list a \$15 million home in Malibu and the likely buyer for that home is probably fifth percent chancer in Europe or China or Russia. We can identify the homes that are worth \$10 million or more across the globe, and drop ads on those homes across the globe.

Jack Ryan:

So if you were in Shanghai or in you're in Moscow, we can identify that your possible buyer of this home and drop an ad right on that physical address. And then we've partnered with Legend Pictures to create a beautiful, a fully immersive video of the home. Give you the headset and you walk through the home in Moscow and you can see the ceiling, you can see the roof. You can see the waves coming.

Pat O'brien:

360.

Jack Ryan:

Yeah, totally. So a much better way to locate people who are likely buyers for \$55 million home in Malibu.

Pat O'brien:

How do they find you?

Jack Ryan:

One, is word of mouth. That's what works really well. Number two is most people spend 15 months before they decide to sell the home, thinking about selling their home. They're on the web typing, how do I sell my home? How do I find an agent? What's my home worth?

Jack Ryan:

We have 300 word matches up against those searches. So we drop an ad on that search. And then if we missed you then, after you list your home, if it hasn't sold for a couple months we can target you and drop an ad against your home saying, hey, your home's not selling. Maybe you should go directly to the consumer. And by the way, since we charge 80% less, you can pass that savings on to the buyer, and make your home more attractive.

Pat O'brien:

So 80% less, you usually can say somebody 25 to 50, 60 grand.

Jack Ryan:

Yeah. The average home here in Southern California goes for around \$500-600000 so that's \$25-30000 we're saving people. That's after tax dollars by the way because they don't tax that first, that amount of appreciation.

Pat O'brien:

Now do all your people have to be licensed?

Jack Ryan:

The people who are in the home talking about them have to be licensed, but we don't have licensed real estate agents to do effective marketing of homes or in some States, like in Texas, you don't have to have a licensed person inside the home to talk about the home.

Pat O'brien:

Do you go by your gut a lot on how to target people?

Jack Ryan:

Almost never. So what agents do is they go, the traditional agent goes with their intuition. We go with data. So let's say we're listing a home in Dana Point, it's our first home. The traditional agent will say, I think this home buyer comes from Southern Los Angeles. But we throw out those ads, we can say no, they're coming from Temecula. So we can tell through data where the buyer is coming from, not through our intuition.

Jack Ryan:

And we found that data to target other people who look like that person. So it's almost never intuition. It's almost always data that drives our decision using artificial intelligence and augmented intelligence. You got to start somewhere. So you're first guest is intuition. You throw up an ad in a certain area, but after that it's all data.

Pat O'brien:

But if they're, let's say from Temecula, you probably know that they want to get out of that track housing, whatever it is, they all look alike. So do you know all that data?

Jack Ryan:

We have data about when they bought the home, what the home is worth. We have data about what kind of person lives inside that home. We have tremendous amounts of data on people.

Pat O'brien:

When you hire people, how do you know they can do it?

Jack Ryan:

Well, I think like most companies we're pretty good at doing it.

Pat O'brien:

These guys that jump off cliffs into no water, and you have to wait until the water's deep enough. I once asked the world champion. I said, "The first time you did this, how'd you know you could do this? Otherwise you'd be dead." But how do you find people?

Jack Ryan:

Well...

Pat O'brien:

Do you tap into real estate agencies?

Jack Ryan:

No. A lot of what we're doing is digital marketing. So it's hire the traditional agents.

Pat O'brien:

All right, so a different question. What are the three traits? Say there are two traits they need to work for you?

Jack Ryan:

They got to be really good at what they do. So for us in the digital marketing side, they'd have to have some history of doing that really well somewhere else. And they got to fit in with our team. They've got to have a great culture, a great cultural fit with us so that we can get along with them and enjoy their company. Since we spend most of our waking hours with them, we got to make sure we can enjoy their company and they can enjoy our company.

Pat O'brien:

When's the next boom coming? Or do you never know?

Jack Ryan:

The next real estate boom? We're in a boom right now. So I think the question is, when we were to raise interest rates will prices subside.

Pat O'brien:

I don't think these booms ever stop out here. Right? Southern California. Do you?

Jack Ryan:

Not too much. 2007, 2009 got pretty dicey for a lot of people owned homes and tried to sell them in that market. But now it's back to the valuations we had prior to the crisis in 2007, 2008.

Pat O'brien:

And who are your buyers? Are they millennials? Are they older people? Retired?

Jack Ryan:

This the one thing that we were wrong about but, and the data showed how we could do a better job. We thought that the first sellers would be millennials because they're used to doing everything on the web. They won't to talk to anybody unless it's a loved one, right? It turned out our best target for sellers initially was people who had done it once before because they knew that paying five or six percent to sell my home is crazy based upon what happened when I sold my home.

Pat O'brien:

It's amazing. Not many people think about that fee.

Jack Ryan:

Well they kind of think they have to pay it, right, because that's the price.

Pat O'brien:

I've never thought about it.

Jack Ryan:

Yeah. But it's a huge amount of money. So if that million dollar home you bought in 1971, if the price hasn't changed, that's \$50000. Now let's say it's worth \$5 million today. That's a quarter of a million dollars you're paying to sell your home. So we'd save you a couple of hundred thousand dollars in a sale that home. And we'd do it faster and we'd do it better results.

Pat O'brien:

What's the hang time from the time they contact you to the time that you sell their house?

Jack Ryan:

It's probably...by the way, we track everything as you might guess with data, and so our days on market about a third less than the traditional agent and 99% of list price. We do better as a percent of list price and better in terms of speed to closing.

Jack Ryan:

And there's a lot of things we do to speed up the process. If you want to see a home, no need to call a buy side agent who calls a cell side agent, who calls you to see if you're free, gets back to the sell side agent, and gets back to the buy side agent, gets back to the possible buyer. You just go to the website and there's a calendar and you click on the time and date you want to go; and we send someone out to open the home for you. It happens that fast.

Jack Ryan:

So there's a lot of things we do that just speed up the time to closing.

Pat O'brien:

What if I type in Google anything with the word home in it, do you see it then? Looking for a home. Wish I had a home.

Jack Ryan:

If you're within 12 miles of the home that we're selling, you'll see the homes that we're selling.

Pat O'brien:

Really?

Jack Ryan:

Yeah. If you're outside that area then you to mention and also in your search something, some town that's close to the home town that we're selling a home. If I say that correctly. Okay,

Pat O'brien:

I got it.

Jack Ryan:

Okay.

Pat O'brien:

How long it take you to start this, get it off the ground?

Jack Ryan:

Took me about a year, year and a half to get it going and I did it with all of my own resources, and then I started getting investors about six months ago. And most of the investors are current and former CEOs of the Fortune 100, and then also some prominent public servants.

Pat O'brien:

What's a day like at your office? What's your day like?

Jack Ryan:

My day is making sure that we're headed in the right way strategically, number one. Number two, making sure we're developing good relationships with our vendors and our investors and our partners, and then making sure that in terms of the details of the business is going in the right way.

Jack Ryan:

So I learned this idea from a guy named Ken Yontz was the former CEO of Sybron. He said, kind of swim across the surface of the ocean, just checking to see what's beneath you. When you see a problem, dive deep and then go back up after you solve that problem. And so constantly kind of skimming the surface of the ocean and you're not visiting people externally to make sure that nothing's going a miss. And then dive deep if you have to.

Pat O'brien:

And you hope there's no sharks there.

Jack Ryan:

Hope there's no sharks biting you.

Pat O'brien:

All right Jack, thank you very much.

Jack Ryan:

Thank you very much.

Pat O'brien:

Jack Ryan from Real Estate Exchange. Let me say that again so I get his name right. I'm changing it to Bob for the moment. Okay.

Jack Ryan:

Bob Ryan. Jack's so easy, isn't it?

Pat O'brien:

Thank you Jack Ryan.

Jack Ryan:

Thank you.

Pat O'brien:

Nice to have you. I'm Pat O'brien. This is Business Rockstars. We'll see you next time.

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